

**EXHIBIT B**

Prepared by *[Signature]*  
Approved by *[Signature]*

CareFree Park  
Fun Depot F/S  
12/31/96

D WILSON JONES COMPANY

G7687 ColumnWrite

1	2	3	4	5	6	7

Members of American Institute  
of Certified Public Accountants

3003 South Congress Avenue  
Suite 2-C  
Palm Springs, Florida 33461



Peterson  
Peterson  
& Rioux

Certified Public Accountants

Wayne M. Peterson, CPA • Craig K. Peterson, CPA • N. Wayne Rioux, CPA  
E-mail Craig K. Peterson: ckpepa@aol.com • N. Wayne Rioux: wrioux5384@aol.com

Members of Florida Institute  
of Certified Public Accountants

Palm Beach (561) 964-1800  
Broward (954) 428-1590  
Fax: (561) 966-1326

August 4, 1997

Mike Leclerc  
c/o Bigelow & Co, CPA's  
Two Harbour Place  
Portsmouth, NH 03801

Re: Fun Depot, Inc.  
2001-5 10th Avenue N.  
Lake Worth, FL 33461

Dear Mike,

I have enclosed the following information for Fun Depot, Inc.:

1. The general ledger detail for April 1996 (date of incorporation) through March 31, 1997.
2. The financial statements for December 31, 1996 and March 31, 1997.
3. The depreciation schedule.
4. The commercial note agreement with Centura.

Also, I did not find the three checks for \$10,000 in the general ledger. Could those checks have been transfers of funds within Carefree's accounts?

Please note I did not send all of the disclosures nor the accountant's letters with the financial statements. I thought it wasn't necessary.

If you have any questions regarding this information you can call me at 564-964-1800.

Sincerely,

0001

## FUN DEPOT, INC.

Statement Of Assets, Liabilities And Equity  
Income Tax Basis  
At December 31, 1996

	ASSETS
CURRENT ASSETS	
Cash In Checking	<u>1,767.69</u>
TOTAL CURRENT ASSETS	<u>1,767.69</u>
FIXED ASSETS (AT COST)	
Leasehold Improvements	<u>19,811.61</u>
Allow. For Depreciation	<u>(42.33)</u>
	19,769.28
TOTAL FIXED ASSETS	19,769.28
OTHER ASSETS	
TOTAL ASSETS	<u>21,536.97</u>

See Accompanying Notes And Accountant's Review Report

## FUN DEPOT, INC.

**Statement Of Assets, Liabilities And Equity  
Income Tax Basis  
At December 31, 1996**

LIABILITIES AND STOCKHOLDERS EQUITY	
<b>CURRENT LIABILITIES</b>	
Fica Tax Payable	5,501.10
Withholding Tax Payable	2,351.48
State Unemploy. Payable	533.01
Federal Unemploy. Payable	157.93
Fica & W/H Paid	(7,852.63)
Sales Tax Payable	1,894.73
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,585.62</b>
<b>LONG-TERM LIABILITIES</b>	
Loan Payable-Stockholders	7,690.11
<b>TOTAL L/T LIABILITIES</b>	<b>7,690.11</b>
<b>TOTAL LIABILITIES</b>	<b>10,275.73</b>
<b>STOCKHOLDERS EQUITY</b>	
<b>CAPITAL</b>	
CAPITAL STOCK: \$1.00 PAR	
100 Shares Authorized;	
100 Issued & Outstanding	100.00
	100.00
Share.Undistr.Tax. Income	
Net Income (Loss)	11,161.24
<b>BALANCE</b>	<b>11,161.24</b>
<b>TOTAL STOCKHOLDERS EQUITY</b>	<b>11,261.24</b>
<b>TOTAL LIABILITIES and STOCKHOLDERS EQUITY</b>	<b>21,536.97</b>

See Accompanying Notes And Accountant's Review Report

## FUN DEPOT, INC.

Statement Of Revenue & Expenses  
Income Tax Basis  
For The 12 Months Ended  
December 31, 1996 - YTD

	December 31, 1996	
	12 Months	%
	YTD	
<b>INCOME</b>		
Sales	294,437.10	100.00
<b>TOTAL INCOME</b>	<b>294,437.10</b>	<b>100.00</b>
<b>LESS : COST OF SALES</b>		
Purchases-Supplies	29,493.82	10.02
Purchases-Tickets	1,696.80	0.58
Purchases-Gas & Oil	4,306.92	1.46
Purchases-Parts	18,909.67	6.42
Payroll	80,576.38	27.37
Payroll Taxes	11,596.30	3.94
Equipment Maintenance	1,285.35	0.44
<b>TOTAL COST OF SALES</b>	<b>147,865.24</b>	<b>50.22</b>
<b>GROSS PROFIT/OPERATIONS</b>	<b>146,571.86</b>	<b>49.78</b>
<b>LESS: OPERATING EXPENSES</b>		
Advertising	22,999.74	7.81
Dues & Subscriptions	811.00	0.28
Insurance	31,028.14	10.54
Licenses & Taxes	9,249.83	3.14
Office Expense	1,860.99	0.63
Rep.& Maint.- Bldg.	5,780.50	1.96
Telephone	3,450.55	1.17
Utilities	30,013.36	10.19
<b>TOTAL OPERATING EXPENSES</b>	<b>105,194.11</b>	<b>35.73</b>
<b>NET INCOME (LOSS) BEFORE OTHER EXPENSES &amp; INCOME</b>	<b>41,377.75</b>	<b>14.05</b>

See Accompanying Notes And Accountant's Review Report

## FUN DEPOT, INC.

Statement Of Revenue & Expenses  
Income Tax Basis  
For The 12 Months Ended  
December 31, 1996 - YTD

	December 31, 1996	
	12 Months	%
	YTD	
<b>LESS: OTHER EXPENSES</b>		
Depreciation - (SL)	42.33	0.01
Officers Salary	30,400.00	10.32
<b>TOTAL OTHER EXPENSES</b>	<b>30,442.33</b>	<b>10.34</b>
<b>PLUS: OTHER INCOME</b>		
Sales Tax Commissions	225.82	0.08
<b>TOTAL OTHER INCOME</b>	<b>225.82</b>	<b>0.08</b>
<b>NET INCOME (LOSS)</b>	<b>11,161.24</b>	<b>3.79</b>

THERE IS NO LIABILITY FOR  
FEDERAL INCOME TAXES AS  
CORPORATION IS CURRENTLY  
CLASSIFIED AS A SMALL  
BUSINESS CORPORATION  
FOR FEDERAL INCOME  
TAX PURPOSES.

See Accompanying Notes And Accountant's Review Report

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 1  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:44  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
105	Cash In Checking					
	04/30/96	1	3	2	24,476.94	
	04/30/96	2	3	2	9,737.21 CR	
	04/30/96	1025	3	2	22,195.26 CR	DISBURSEMENTS
	05/31/96	1	3	2	28,363.66	
	05/31/96	2	3	2	15,127.89 CR	
	05/31/96	1050	3	2	18,775.37 CR	DISBURSEMENTS
	06/30/96	1	3	2	48,363.25	
	06/30/96	2	3	2	12,669.93 CR	
	06/30/96	1075	3	2	26,403.29 CR	DISBURSEMENTS
	07/31/96	1	3	2	37,397.80	
	07/31/96	2	3	2	15,174.00 CR	
	07/31/96	1100	3	2	19,337.81 CR	DISBURSEMENTS
	08/31/96	1	3	2	39,365.21	
	08/31/96	2	3	2	16,945.87 CR	
	08/31/96	1161	3	2	23,025.89 CR	DISBURSEMENTS
	09/30/96	1	3	2	28,222.51	
	09/30/96	2	3	2	11,598.35 CR	
	09/30/96	1191	3	2	16,513.50 CR	DISBURSEMENTS
	10/31/96	1	3	4	27,052.00	
	10/31/96	2	3	4	16,442.87 CR	
	10/31/96	1224	3	4	19,662.85 CR	DISBURSEMENTS
	11/30/96	1	3	5	28,320.70	
	11/30/96	2	3	5	12,278.77 CR	
	11/30/96	1250	3	5	12,743.49 CR	DISBURSEMENTS
	12/31/96	1	3	5	54,481.59	
	12/31/96	2	3	5	13,745.87 CR	
	12/31/96	1282	3	5	31,897.75 CR	DISBURSEMENTS
	Open:	0.00	Chg:		1,767.69	Close:
						1,767.69
251	Equipment					
	Open:	0.00	Chg:		0.00	Close:
						0.00
252	Allow. For Depreciation					
	Open:	0.00	Chg:		0.00	Close:
						0.00
260	Office Equipment					
	Open:	0.00	Chg:		0.00	Close:
						0.00
261	Allow. For Depreciation					
	Open:	0.00	Chg:		0.00	Close:
						0.00
263	Leasehold Improvements					
	11/30/96	1241	3	5	212.80	AMER. LIGHTING
	11/30/96	1246	3	5	667.79	JOBSITE PERSONNEL
	12/31/96	1253	3	5	1,889.72	JOBSITE PERSONNEL

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 2  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:45  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
	12/31/96	1258	3	5	479.44	PORTER PAINTS
	12/31/96	1262	3	5	2,491.57	JOBSITE PERSONNEL
	12/31/96	1271	3	5	1,773.38	DOOR DEPOT
	12/31/96	1274	3	5	5,164.97	SEWELL HARDWARE
	12/31/96	1277	3	5	2,098.38	JOBSITE PERSONNEL
	12/31/96	1275	3	5	133.56	SIGNING AMERICA
	12/31/96	1281	3	5	4,900.00	KOLL PLUMBING
Open:	0.00	Chg:		19,811.61	Close:	19,811.61
264	Allow. For Depreciation					
	12/31/96	106	3	6	42.33 CR	
Open:	0.00	Chg:		42.33 CR	Close:	42.33 CR
355	Deposits					
Open:	0.00	Chg:		0.00	Close:	0.00
370	Exchange					
	04/01/96	101	3	1	1,733.76	
	04/30/96	3	3	2	1,733.76 CR	
	05/31/96	2	3	2	130.00	
	05/31/96	3	3	2	130.00 CR	
	06/30/96	2	3	2	195.00	
	06/30/96	3	3	2	195.00 CR	
	07/31/96	2	3	2	1,257.68	
	07/31/96	5	3	2	1,257.68 CR	
	09/30/96	2	3	2	175.24	
	09/30/96	3	3	2	175.25 CR	
	09/30/96	103	3	3	0.01	
	10/31/96	2	3	4	175.25	
	10/31/96	3	3	4	175.25 CR	
	11/30/96	2	3	5	175.25	
	11/30/96	3	3	5	175.25 CR	
	12/31/96	2	3	5	1,362.73	
	12/31/96	3	3	5	167.43 CR	
	12/31/96	107	3	6	1,195.30 CR	
Open:	0.00	Chg:		0.00	Close:	0.00
403	Fica Tax Payable					
	04/30/96	3	3	2	802.64 CR	
	04/30/96	4	3	2	802.62 CR	
	05/31/96	3	3	2	1,049.73 CR	
	05/31/96	4	3	2	1,049.71 CR	
	06/30/96	3	3	2	896.55 CR	
	06/30/96	4	3	2	896.60 CR	
	07/31/96	3	3	2	984.09 CR	
	07/31/96	4	3	2	984.06 CR	
	07/31/96	4	3	2	5,497.85	

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 3  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:45  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
	08/31/96	3	3	2	1,191.84 CR	
	08/31/96	4	3	2	1,191.84 CR	
	09/30/96	3	3	2	814.28 CR	
	09/30/96	4	3	2	814.32 CR	
	10/31/96	3	3	4	1,031.46 CR	
	10/31/96	4	3	4	1,031.40 CR	
	10/31/96	4	3	4	5,980.43	
	11/30/96	3	3	5	840.02 CR	
	11/30/96	4	3	5	840.03 CR	
	12/31/96	3	3	5	879.13 CR	
	12/31/96	4	3	5	879.06 CR	
Open:	0.00	Chg:			5,501.10 CR	Close: 5,501.10 CR
404	Withholding Tax Payable					
	04/30/96	3	3	2	639.72 CR	
	05/31/96	3	3	2	1,028.25 CR	
	06/30/96	3	3	2	884.35 CR	
	07/31/96	3	3	2	915.59 CR	
	07/31/96	4	3	2	2,552.32	
	08/31/96	3	3	2	1,182.06 CR	
	09/30/96	3	3	2	835.86 CR	
	10/31/96	3	3	4	1,084.54 CR	
	10/31/96	4	3	4	2,933.51	
	11/30/96	3	3	5	759.87 CR	
	12/31/96	3	3	5	507.07 CR	
Open:	0.00	Chg:			2,351.48 CR	Close: 2,351.48 CR
405	State Unemploy. Payable					
	06/30/96	4	3	2	970.21 CR	
	07/31/96	5	3	2	970.21	
	09/30/96	4	3	2	893.37 CR	
	10/31/96	1208	3	4	893.37	FL.UNEMPLOYMENT
	12/31/96	4	3	5	533.01 CR	
Open:	0.00	Chg:			533.01 CR	Close: 533.01 CR
406	Federal Unemploy. Payable					
	06/30/96	4	3	2	287.47 CR	
	07/31/96	5	3	2	287.47	
	09/30/96	4	3	2	264.70 CR	
	10/31/96	1209	3	4	264.70	FIRST UNION
	12/31/96	4	3	5	157.93 CR	
Open:	0.00	Chg:			157.93 CR	Close: 157.93 CR
407	Fica & W/H Paid					
	04/30/96	2	3	2	2,244.98	
	05/31/96	2	3	2	3,127.69	
	06/30/96	2	3	2	2,677.47	

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 4  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:45  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
	07/31/96	2	3	2	2,883.74	
	07/31/96	4	3	2	8,050.14 CR	
	08/31/96	2	3	2	3,565.74	
	08/31/96	1111	3	2	2,665.51	FIRST UNION
	09/30/96	2	3	2	2,464.46	
	09/30/96	104	3	3	2,665.51 CR	
	10/31/96	2	3	4	3,147.43	
	10/31/96	4	3	4	8,913.94 CR	
	11/30/96	2	3	5	2,439.91	
	12/31/96	2	3	5	2,265.29	
	Open:	0.00	Chg:		7,852.63	Close:
						7,852.63
418	Sales Tax Payable					
	04/30/96	1	3	2	1,097.84 CR	
	05/31/96	1	3	2	1,232.39 CR	
	05/31/96	1036	3	2	1,097.84	DEPT. OF REVENUE
	06/30/96	1	3	2	1,802.22 CR	
	06/30/96	1061	3	2	1,232.39	DEPT. OF REVENUE
	07/31/96	1	3	2	1,384.34 CR	
	07/31/96	1099	3	2	1,802.22	DEPT. OF REVENUE
	08/31/96	1	3	2	1,594.57 CR	
	08/31/96	1154	3	2	1,384.34	DEPT. OF REVENUE
	09/30/96	1	3	2	1,266.25 CR	
	09/30/96	1183	3	2	1,594.57	DEPT. OF REVENUE
	10/31/96	1	3	4	1,175.25 CR	
	10/31/96	1207	3	4	1,266.25	DEPT. OF REVENUE
	11/30/96	1	3	5	1,173.96 CR	
	11/30/96	1240	3	5	1,145.87	DEPT. OF REVENUE
	12/31/96	105	3	5	28.09	
	12/31/96	1	3	5	1,943.19 CR	
	12/31/96	1265	3	5	1,175.25	DEPT. OF REVENUE
	12/31/96	109	3	6	48.46	
	Open:	0.00	Chg:		1,894.73 CR	Close:
						1,894.73 CR
420	Credit Line					
	11/30/96	1	3	5	700.00 CR	
	12/31/96	1	3	5	1,000.00 CR	
	12/31/96	107	3	6	1,700.00	
	Open:	0.00	Chg:		0.00	Close:
						0.00
499	Payroll Clearing					
	04/30/96	2	3	2	7,315.68	
	04/30/96	3	3	2	7,315.68 CR	
	05/31/96	2	3	2	11,513.85	
	05/31/96	3	3	2	11,513.85 CR	
	06/30/96	2	3	2	9,744.13	
	06/30/96	3	3	2	9,744.13 CR	
	07/31/96	2	3	2	10,963.77	

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 5  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:45  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
	07/31/96	3	3	2	10,963.77 CR	
	08/31/96	2	3	2	13,205.81	
	08/31/96	3	3	2	13,205.81 CR	
	09/30/96	2	3	2	8,819.25	
	09/30/96	3	3	2	8,819.25 CR	
	10/31/96	2	3	4	11,191.51	
	10/31/96	3	3	4	11,191.51 CR	
	11/30/96	2	3	5	9,205.56	
	11/30/96	3	3	5	9,205.56 CR	
	12/31/96	2	3	5	9,973.83	
	12/31/96	3	3	5	9,937.83 CR	
	12/31/96	108	3	6	36.00 CR	
Open:	0.00	Chg:			0.00	Close:
512	Loan Payable-Stockholders					
	04/01/96	101	3	1	1,633.76 CR	
	10/31/96	2	3	4	1,000.00	
	11/30/96	1	3	5	1,500.00 CR	
	12/31/96	1	3	5	5,556.35 CR	
Open:	0.00	Chg:			7,690.11 CR	Close:
542	100 Issued & Outstanding					
	09/30/96	102	3	3	100.00 CR	
Open:	0.00	Chg:			100.00 CR	Close:
545	Paid In Capital					
Open:	0.00	Chg:			0.00	Close:
555	Balance Beginning					
Open:	0.00	Chg:			0.00	Close:
559	Dividends					
Open:	0.00	Chg:			0.00	Close:
560	Net Income (Loss)					
	04/01/96	101	3	1	100.00 CR	
	09/30/96	102	3	3	100.00	
Open:	0.00	Chg:			0.00	Close:
Estimated Earnings:		11,161.24				
601	Sales					
	04/30/96		1	3	2	23,379.10 CR

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 6  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:46  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
	05/31/96	1	3	2	27,131.27	CR
	06/30/96	1	3	2	46,561.03	CR
	07/31/96	1	3	2	36,013.46	CR
	08/31/96	1	3	2	37,770.64	CR
	08/31/96	2	3	2	106.00	
	09/30/96	1	3	2	26,956.26	CR
	10/31/96	1	3	4	25,876.75	CR
	10/31/96	2	3	4	74.20	
	11/30/96	1	3	5	24,946.74	CR
	12/31/96	1	3	5	45,982.05	CR
Open:	0.00	Chg:		294,437.10	CR	Close: 294,437.10 CR
701	Purchases-Supplies					
	04/30/96	1006	3	2	189.50	BONITA MARIE
	04/30/96	1001	3	2	145.25	COCA COLA
	04/30/96	1015	3	2	242.56	J.S. SALES CO.
	04/30/96	1017	3	2	178.05	SAM'S
	04/30/96	1021	3	2	376.89	COSTCO
	04/30/96	1022	3	2	87.59	COCA COLA
	04/30/96	1023	3	2	219.50	COCA COLA
	05/31/96	1026	3	2	301.47	COSTCO
	05/31/96	1027	3	2	220.00	PVI INC.
	05/31/96	1028	3	2	387.36	SAM'S
	05/31/96	1031	3	2	328.25	SAM'S
	05/31/96	1042	3	2	3.88	HARRISON PAINT
	05/31/96	1043	3	2	236.50	COCA COLA
	05/31/96	1046	3	2	5,748.98	VAN BROOK OF LEXI
	05/31/96	1048	3	2	409.39	SAM'S
	05/31/96	1049	3	2	172.25	COCA COLA
	05/31/96	1050	3	2	64.31	HARRISON PAINT
	06/30/96	1055	3	2	259.27	SAM'S
	06/30/96	1057	3	2	71.85	TROPICAL ICE
	06/30/96	1063	3	2	398.28	COSTCO
	06/30/96	1066	3	2	335.66	SAM'S CLUB
	06/30/96	1069	3	2	262.50	COCA COLA
	06/30/96	1070	3	2	927.70	PLUSH 4 PLAY
	06/30/96	1074	3	2	80.86	VAN BROOK LEXINGT
	06/30/96	1075	3	2	173.68	VAN BROOK LEXINGT
	07/31/96	1078	3	2	177.43	COSTCO
	07/31/96	1083	3	2	30.26	WORTH PAINT
	07/31/96	1084	3	2	231.01	SAM'S
	07/31/96	1088	3	2	151.25	COCA COLA
	07/31/96	1090	3	2	58.15	TROPICAL ICE
	07/31/96	1091	3	2	322.21	COSTCO
	07/31/96	1092	3	2	318.39	SAM'S
	07/31/96	1097	3	2	210.25	COCA COLA
	07/31/96	1098	3	2	90.00	A.L.S.
	08/31/96	1101	3	2	179.00	COCA COLA
	08/31/96	1102	3	2	109.73	COSTCO
	08/31/96	1103	3	2	57.62	TROPICAL ICE

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 7  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:46  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
	08/31/96	1104	3	2	221.14	SAM'S
	08/31/96	1105	3	2	124.00	COCA COLA
	08/31/96	1109	3	2	78.62	STANDARD CHANGEMA
	08/31/96	1110	3	2	253.98	COSTCO
	08/31/96	1121	3	2	53.51	COSTCO
	08/31/96	1123	3	2	310.70	SAM'S
	08/31/96	1124	3	2	105.00	COCA COLA
	08/31/96	1153	3	2	141.94	COSTCO
	08/31/96	1156	3	2	270.51	SAM'S
	08/31/96	1158	3	2	1,500.00	STALOR, INC.
	08/31/96	1161	3	2	164.00	COCA COLA
	09/30/96	1164	3	2	206.31	SAM'S
	09/30/96	1171	3	2	179.50	COCA COLA
	09/30/96	1172	3	2	119.65	TROPICAL ICE
	09/30/96	1174	3	2	125.00	BIRMINGHAM VEND.
	09/30/96	1177	3	2	171.27	SAM'S
	09/30/96	1187	3	2	250.25	SAM'S
	09/30/96	1189	3	2	116.00	COCA COLA
	09/30/96	104	3	3	2,665.51	
	10/31/96	2	3	4	725.25	
	10/31/96	1192	3	4	58.97	MULTI PRODUCTS
	10/31/96	1194	3	4	80.27	STANDARD C.MAKERS
	10/31/96	1195	3	4	126.10	
	10/31/96	1196	3	4	152.35	
	10/31/96	1201	3	4	207.21	SAM'S
	10/31/96	1202	3	4	209.25	COCA COLA
	10/31/96	1204	3	4	129.03	COSTCO
	10/31/96	1212	3	4	172.75	COCA COLA
	10/31/96	1213	3	4	173.40	SAM'S
	10/31/96	1216	3	4	138.05	TROPICAL ICE
	10/31/96	1217	3	4	152.39	COSTCO
	10/31/96	1224	3	4	116.37	NATIONAL CHEMSEAR
	11/30/96	2	3	5	289.79	
	11/30/96	1228	3	5	55.00	SAM'S CLUB
	11/30/96	1230	3	5	400.00	VALUE MAP
	11/30/96	1231	3	5	16.76	HARRISON PAINT
	11/30/96	1232	3	5	1,021.63	SUPERIOR LIGHTING
	11/30/96	1233	3	5	52.95	TONER DEPOT
	11/30/96	1236	3	5	123.00	COCA COLA
	11/30/96	1237	3	5	313.64	COSTCO
	11/30/96	1239	3	5	274.44	SAM'S
	11/30/96	1242	3	5	290.00	TRAVEL HOST
	11/30/96	1247	3	5	128.25	COCA COLA
	11/30/96	1248	3	5	140.00	RICK JOHNSON
	11/30/96	1249	3	5	235.29	SAM'S
	11/30/96	1250	3	5	40.00	BLACKHAWK CORP.
	12/31/96	1254	3	5	547.46	VIKING FREIGHT
	12/31/96	1255	3	5	94.00	ACCESSORIES PALAC
	12/31/96	1256	3	5	125.40	TROPIC ICE
	12/31/96	1257	3	5	544.12	J. YVON PLANTE
	12/31/96	1259	3	5	451.46	SAM'S

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 8  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:46  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
	12/31/96	1261	3	5	222.47	COSTCO
	12/31/96	1263	3	5	168.50	COCA COLA
	12/31/96	1278	3	5	704.55	YVON PLANTE
Open:	0.00	Chg:		29,493.82	Close:	29,493.82
702	Purchases-Tickets					
	04/30/96	1007	3	2	607.78	NATIONAL TICKET
	06/30/96	1059	3	2	490.93	NATIONAL TICKET
	08/31/96	1120	3	2	598.09	NATIONAL TICKETS
Open:	0.00	Chg:		1,696.80	Close:	1,696.80
705	Purchases-Gas & Oil					
	04/30/96	1008	3	2	539.11	YOUNG OIL
	04/30/96	1018	3	2	555.55	YOUNG OIL
	06/30/96	1058	3	2	516.76	YOUNG OIL
	08/31/96	1118	3	2	947.54	YOUNG OIL
	09/30/96	1167	3	2	709.57	YOUNG OIL
	11/30/96	1234	3	5	275.00	YOUNG OIL
	12/31/96	1267	3	5	763.39	YOUNG OIL
Open:	0.00	Chg:		4,306.92	Close:	4,306.92
706	Purchases-Parts					
	05/31/96	1029	3	2	2,294.58	FORMULA K
	05/31/96	1034	3	2	100.82	PENINSULAR ELEC.
	05/31/96	1038	3	2	75.63	FORMULA K
	05/31/96	1039	3	2	810.07	ROBERTS SUPPLY
	05/31/96	1041	3	2	780.65	GRAINGER
	05/31/96	1044	3	2	58.57	FORMULA K
	06/30/96	1053	3	2	705.30	LEE & ASSOC.
	06/30/96	1071	3	2	112.22	MELTEC
	06/30/96	1072	3	2	306.00	LOGO GEAR
	07/31/96	1077	3	2	488.13	W.W. GRANGER
	07/31/96	1080	3	2	211.00	GAMES INTER.
	07/31/96	1085	3	2	648.48	WALLY NASSIF
	07/31/96	1089	3	2	1,261.07	FORMULA K
	07/31/96	1095	3	2	185.26	SEWELL HARDWARE
	08/31/96	1107	3	2	135.00	ACCESORIES PALACE
	08/31/96	1108	3	2	190.36	FORMULA K
	08/31/96	1116	3	2	851.17	ROBERTS SUPPLY
	08/31/96	1117	3	2	50.00	GAME INTERNATIONAL
	08/31/96	1119	3	2	3,079.55	CALLIS KARTS
	09/30/96	1175	3	2	602.97	BIRMINGHAM VEND.
	09/30/96	1178	3	2	835.92	BOB LYNCH
	09/30/96	1184	3	2	714.46	ROBERTS SUPPLY
	09/30/96	1185	3	2	468.24	GRAINGER
	10/31/96	1197	3	4	255.00	DEL. C. WALLY INC.
	10/31/96	1198	3	4	482.00	AUTO. BATTLING GAG
	10/31/96	1200	3	4	384.32	FORMULA RACEWAYS

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 9  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:47  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
	10/31/96	1215	3	4	27.73	ROBERTS SUPPLY
	11/30/96	1226	3	5	335.17	SIGN CRAFT
	11/30/96	1235	3	5	108.60	ACCESSORIES PALAC
	12/31/96	1268	3	5	1,500.00	BOB LYNCH
	12/31/96	1269	3	5	407.04	QUICKSAND INC.
	12/31/96	1270	3	5	200.00	SIGNAL GROUP
	12/31/96	1272	3	5	244.36	PLUSH 4 PLAY
Open:	0.00	Chg:		18,909.67	Close:	18,909.67
725 Payroll						
	04/30/96		3	3	2	8,091.80
	05/31/96		3	3	2	9,721.83
	06/30/96		3	3	2	8,520.03
	07/31/96		3	3	2	9,663.45
	08/31/96		3	3	2	11,579.71
	09/30/96		3	3	2	7,444.64
	10/31/96		3	3	4	9,482.76
	11/30/96		3	3	5	7,780.70
	12/31/96		3	3	5	8,291.46
Open:	0.00	Chg:		80,576.38	Close:	80,576.38
726 Payroll Taxes						
	04/30/96		4	3	2	802.62
	05/31/96		4	3	2	1,049.71
	06/30/96		4	3	2	2,154.28
	07/31/96		4	3	2	984.03
	08/31/96		4	3	2	1,191.84
	09/30/96		4	3	2	1,972.39
	10/31/96		4	3	4	1,031.40
	11/30/96		4	3	5	840.03
	12/31/96		4	3	5	1,570.00
Open:	0.00	Chg:		11,596.30	Close:	11,596.30
730 Equipment Maintenance						
	05/31/96	1030	3	2	413.25	R. ROZMAN
	07/31/96	1087	3	2	572.10	BOB LYNCH
	10/31/96	1222	3	4	300.00	FLA.TIRE RECYCLIN
Open:	0.00	Chg:		1,285.35	Close:	1,285.35
750 Sub-Contracts						
Open:	0.00	Chg:		0.00	Close:	0.00
803 Advertising						
	04/30/96	1010	3	2	500.00	BRAVES & EXPOS
	04/30/96	1009	3	2	1,797.75	UNITED PARAMOUNT
	04/30/96	1012	3	2	2,814.59	P.B.NEWS PAPERS

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 10  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:47  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
	04/30/96	1013	3	2	404.26	E.W.S. OF PALM BE
	04/30/96	1014	3	2	48.00	S.FLA. NEWSPR.NET
	05/31/96	1040	3	2	500.00	STALOR, INC.
	05/31/96	1047	3	2	74.37	BANYAN PRINTING
	06/30/96	1056	3	2	5,171.59	P.B.POST
	06/30/96	1065	3	2	400.00	VALUE MAP
	06/30/96	1068	3	2	20.00	JOHN I. LEONARD
	06/30/96	1073	3	2	48.00	S.FLA.NEWSAPER
	08/31/96	1114	3	2	154.90	PERSONNEL CONCEPT
	08/31/96	1125	3	2	50.00	THE KING ACADEMY
	08/31/96	1152	3	2	75.00	PALM GOLD
	08/31/96	1153	3	2	3,115.18	P.B. POST
	09/30/96	1163	3	2	50.00	B.O.A. OF PBC
	09/30/96	1165	3	2	50.00	N.A.L.C.
	09/30/96	1166	3	2	25.00	LANTANA MIDDLE SC
	09/30/96	1170	3	2	400.00	VALUE MAP
	09/30/96	1181	3	2	225.00	THE KING ACADEMY
	10/31/96	1211	3	4	1,453.45	P.B. NEWSPAPER
	10/31/96	1214	3	4	450.00	BELLSOUTH
	10/31/96	1221	3	4	1,775.00	CUSTOM PUBLISHING
	11/30/96	1227	3	5	1,377.65	P.B. NEWSPAPER
	11/30/96	1243	3	5	1,920.00	WFLX
	12/31/96	1264	3	5	100.00	PUB.BOYNTON BCH
Open:	0.00	Chg:		22,999.74	Close:	22,999.74
810      Auto Expense						
Open:	0.00	Chg:		0.00	Close:	0.00
841      Dues & Subscriptions						
	04/30/96	1005	3	2	246.00	DIOCESAN PUBL.
	09/30/96	1169	3	2	300.00	PASSPORT PUB.
	11/30/96	1245	3	5	265.00	L.W. CHAMBER
Open:	0.00	Chg:		811.00	Close:	811.00
843      Equipment Rental						
Open:	0.00	Chg:		0.00	Close:	0.00
858      Insurance						
	04/30/96	1020	3	2	987.50	FLA.PREFERRED RIS
	04/30/96	1025	3	2	5,000.00	ALLIED SPEC.INS.
	05/31/96	1033	3	2	847.50	FLA.PREFERRED RIS
	05/31/96	1037	3	2	732.88	FLA.PREFERRED RIS
	06/30/96	1051	3	2	10,000.00	ALLIED SPEC.INS.
	06/30/96	1054	3	2	847.50	FLA.PREFERRED RIS
	07/31/96	1082	3	2	6,825.79	ALLIED SPEC.INSUR
	07/31/96	1094	3	2	775.33	FLA.PREFERRED RIS
	08/31/96	1122	3	2	775.33	FLA. PREFERRED

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 11  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:47  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
	09/30/96	1173	3	2	775.33	FLA.PREFERRED RIS
	09/30/96	1180	3	2	1,586.00	THE TRAVELERS
	10/31/96	1206	3	4	780.50	FLA.PREFERRED RIS
	11/30/96	1238	3	5	780.50	FLA.PREF. RISK
	12/31/96	1279	3	5	313.98	PREFERRED RISK
Open:	0.00	Chg:			31,028.14	Close: 31,028.14
859	Insurance-Health					
Open:	0.00	Chg:			0.00	Close: 0.00
863	Interest Expense					
Open:	0.00	Chg:			0.00	Close: 0.00
872	Legal & Accounting					
Open:	0.00	Chg:			0.00	Close: 0.00
874	Licenses & Taxes					
	04/30/96	1004	3	2	5.00	DEPT. OF REVENUE
	04/30/96	1019	3	2	3,000.00	DEPT. OF REVENUE
	05/31/96	1035	3	2	175.00	DEPT.OF AGRICULTU
	06/30/96	1067	3	2	3,000.00	DEPT. OF REVENUE
	11/30/96	1244	3	5	2,470.55	TAX COLLECTOR
	12/31/96	1273	3	5	475.00	DEPT. OF AGRICULT
	12/31/96	1282	3	5	124.28	IRS
Open:	0.00	Chg:			9,249.83	Close: 9,249.83
880	Office Expense					
	04/30/96	2	3	2	176.55	
	04/30/96	1016	3	2	80.00	P.S.COMPUTER
	05/31/96	2	3	2	356.35	
	05/31/96	1032	3	2	0.00	CR VOID
	06/30/96	2	3	2	53.33	
	06/30/96	1062	3	2	180.00	P.S. COMPUTER
	07/31/96	2	3	2	68.81	
	07/31/96	1086	3	2	0.00	CR VOID
	07/31/96	1096	3	2	67.84	SIMPLER TIME
	08/31/96	2	3	2	68.32	
	08/31/96	1113	3	2	160.00	P.S. COMPUTER
	08/31/96	1157	3	2	0.00	CR VOID
	09/30/96	2	3	2	139.40	
	09/30/96	1176	3	2	0.00	CR VOID
	09/30/96	1182	3	2	240.37	JOBSITE PERSONNEL
	09/30/96	1188	3	2	67.22	JOBSITE PERSONNEL
	09/30/96	103	3	3	0.01	CR
	10/31/96	2	3	4	129.23	
	10/31/96	1199	3	4	0.00	CR VOID

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 12  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:48  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
	10/31/96	1210	3	4	180.00	P.S. COMPUTER
	11/30/96	2	3	5	168.26	
	12/31/96	2	3	5	144.02	
	12/31/96	1276	3	5	50.00	LETTER CARRIER
	12/31/96	107	3	6	504.70	CR
	12/31/96	108	3	6	36.00	
Open:	0.00	Chg:		1,860.99	Close:	1,860.99
884      Rent						
Open:	0.00	Chg:		0.00	Close:	0.00
885      Rep.& Maint.- Bldg.						
	04/30/96	1011	3	2	92.22	ACTIVE ALARMS
	06/30/96	1060	3	2	302.80	SASSO AIR
	06/30/96	1064	3	2	450.00	J. ARTEAGA
	07/31/96	1081	3	2	355.16	ENVIR. WASTE SYS.
	07/31/96	1100	3	2	450.00	J. ARTEAGA
	08/31/96	1115	3	2	93.60	ACTIVE ALARMS
	08/31/96	1155	3	2	450.00	J. ARTEAGA
	08/31/96	1160	3	2	255.00	RUSSELL LAWN SERV
	09/30/96	1168	3	2	300.00	ENVIRO.WASTE SYS.
	09/30/96	1179	3	2	425.00	J. ARTEAGA
	09/30/96	1191	3	2	125.00	ROTTO ROOTER
	10/31/96	1203	3	4	80.22	JOBSITE
	10/31/96	1205	3	4	425.00	J. ARTEAGA
	10/31/96	1218	3	4	300.00	ENVIRONMENTAL WAS
	10/31/96	1219	3	4	95.40	A-1 EXTERMINATING
	10/31/96	1223	3	4	1,087.50	C.R. DUNN INC.
	11/30/96	1229	3	5	93.60	ACTIVE ALARMS
	12/31/96	1266	3	5	400.00	J. ARTEAGA
Open:	0.00	Chg:		5,780.50	Close:	5,780.50
916      Telephone						
	04/30/96	1003	3	2	116.58	AT&T
	04/30/96	1002	3	2	828.39	BELLSOUTH
	06/30/96	1052	3	2	110.00	AT&T
	07/31/96	1076	3	2	838.81	BELLSOUTH
	07/31/96	1093	3	2	31.51	AT&T
	08/31/96	1112	3	2	57.73	AT&T
	08/31/96	1159	3	2	845.38	BELLSOUTH
	10/31/96	1214	3	4	622.15	BELLSOUTH
Open:	0.00	Chg:		3,450.55	Close:	3,450.55
924      Utilities						
	04/30/96	1024	3	2	3,133.19	CITY OF L.W.
	05/31/96	1045	3	2	2,941.82	CITY OF L.W.
	07/31/96	1079	3	2	3,236.16	CITY OF L.W.

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 13  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:48  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn	Batch	Debit/Credit	Description
	08/31/96	1106	3	2	3,522.46	CITY OF L.W.
	09/30/96	1162	3	2	4,840.37	CITY OF L.W.
	09/30/96	1186	3	2	1,010.50	CITY OF L.W.
	10/31/96	1193	3	4	3,649.39	CITY OF L.W.
	10/31/96	1220	3	4	3,254.40	CITY OF L.W.
	12/31/96	1251	3	5	300.00	CITY OF L.W.
	12/31/96	1252	3	5	3,750.07	CITY OF L.W.
	12/31/96	1260	3	5	375.00	CITY OF L.W.
Open:	0.00	Chg:			30,013.36	Close: 30,013.36
950	Depreciation					
Open:	0.00	Chg:			0.00	Close: 0.00
951	Depreciation - (SL)					
	12/31/96	106	3	6	42.33	
Open:	0.00	Chg:			42.33	Close: 42.33
958	Officers Health Insurance					
Open:	0.00	Chg:			0.00	Close: 0.00
959	Officers Life Insurance					
Open:	0.00	Chg:			0.00	Close: 0.00
960	Officers Salary					
	04/30/96		3	3	2,400.00	
	05/31/96		3	3	4,000.00	
	06/30/96		3	3	3,200.00	
	07/31/96		3	3	3,200.00	
	08/31/96		3	3	4,000.00	
	09/30/96		3	3	3,200.00	
	10/31/96		3	3	4,000.00	
	11/30/96		3	3	3,200.00	
	12/31/96		3	3	3,200.00	
Open:	0.00	Chg:			30,400.00	Close: 30,400.00
967	Sales Tax Commissions					
	10/31/96	1207	3	4	79.67 CR	DEPT. OF REVENUE
	12/31/96	105	3	5	28.09 CR	
	12/31/96	1265	3	5	69.60 CR	DEPT. OF REVENUE
	12/31/96	109	3	6	48.46 CR	
Open:	0.00	Chg:			225.82 CR	Close: 225.82 CR
968	Interest Income					

General Ledger Activity  
Period: 01/01/96 to 12/31/96

Page: 14  
Term: 0  
Div : 0  
Date: 08/04/97  
Time: 14:41:48  
Post: P

Company: FUN DEPOT, INC.  
Printed by: Peterson & Peterson, PA

Account #	Title/Date	Ref	Jrn Batch	Debit/Credit	Description
Open:	0.00	Chg:		0.00	Close: 0.00
Total Debits :				312,933.61	
Total Credits :				312,933.61	

1997  
1996

CONTENTS

	PAGE
ACCOUNTANTS' COMPILATION REPORT .....	1
BALANCE SHEETS:	
ASSETS .....	2
LIABILITIES AND STOCKHOLDERS' EQUITY .....	3
STATEMENTS OF INCOME AND RETAINED EARNINGS.....	4
STATEMENTS OF CASH FLOWS .....	5
NOTES TO FINANCIAL STATEMENTS .....	6
ACCOUNTANTS' COMPILATION REPORT ON SUPPLEMENTARY INFORMATION.....	14
SCHEDULES OF OPERATING EXPENSES .....	15

*Bigelow & Company*  
Certified Public Accountants, P.C.

To the Board of Directors  
Carefree Park Corporation  
Salisbury Beach, Massachusetts

We have compiled the accompanying balance sheets of Carefree Park Corporation as of December 31, 1997 and 1996, and the related statements of income and retained earnings, and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

*Bigelow & Company CPA's*  
BIGELOW & COMPANY  
Certified Public Accountants, P.C.

September 11, 1998

500 COMMERCIAL STREET  
MANCHESTER, NH 03101  
(603) 627-7659

-1-

500 MARKET STREET, SUITE 5  
PORTSMOUTH, NH 03801  
(603) 433-7383 CPC 00063

## CAREFREE PARK CORPORATION

## BALANCE SHEETS

SEE ACCOUNTANTS' COMPILED REPORT

	<u>December 31,</u>	
	<u>1997</u>	<u>1996</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 15,005	\$ 13,675
Rent receivable	75,540	-
Prepaid insurance	<u>2,236</u>	<u>7,875</u>
<b>Total Current Assets</b>	<b><u>92,781</u></b>	<b><u>21,550</u></b>
<b>Property and Equipment:</b>		
Land and buildings	2,592,297	2,592,297
Building improvements	641,443	550,488
Machinery and equipment	<u>1,273,409</u>	<u>1,127,009</u>
Vehicle	<u>16,890</u>	<u>16,890</u>
<b>Accumulated depreciation</b>	<b><u>4,524,039</u></b>	<b><u>4,286,684</u></b>
<b>Net Property and Equipment</b>	<b><u>3,086,726</u></b>	<b><u>3,001,449</u></b>
<b>Other Assets:</b>		
Interest receivable – affiliate	27,873	27,873
Loan receivable -- affiliate	17,275	28,275
Deferred financing fees, net of accumulated amortization of \$11,925 in 1997 and \$5,185 in 1996	33,546	40,286
Impact fees, net of accumulated amortization of \$25,054 in 1997 and \$18,568 in 1996	<u>39,249</u>	<u>44,735</u>
<b>Total Other Assets</b>	<b><u>117,943</u></b>	<b><u>141,169</u></b>
	<b><u>\$3,297,450</u></b>	<b><u>\$3,164,168</u></b>

The accompanying notes are an integral part of the financial statements

CPC 00064

	<u>December 31,</u>	
	<u>1997</u>	<u>1996</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Notes payable	\$ 22,302	\$ 71,284
Note payable – line of credit	32,000	32,000
Current portion of long-term debt	69,603	68,292
Income taxes payable	12,449	2,731
Property taxes payable	29,681	-
Accrued interest	<u>1,020</u>	<u>16,483</u>
 Total Current Liabilities	<u>167,055</u>	<u>190,790</u>
<b>Long-Term Liabilities:</b>		
Long-term debt, net of current portion	1,996,500	1,937,884
Loans payable – shareholders	325,897	325,897
Accrued interest – shareholders	14,337	14,337
Deferred income taxes	<u>149,095</u>	<u>115,135</u>
 Total Long-Term Liabilities	<u>2,485,829</u>	<u>2,393,253</u>
<b>Stockholders' Equity:</b>		
Common stock, no par value, 2,500 shares authorized, 100 shares issued and outstanding	40,000	40,000
Retained earnings	<u>604,566</u>	<u>540,125</u>
 Total Stockholders' Equity	<u>644,566</u>	<u>580,125</u>
	<u><u>\$3,297,450</u></u>	<u><u>\$3,164,168</u></u>

The accompanying notes are an integral part of the financial statements CPC 00065

**CAREFREE PARK CORPORATION**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**  
**SEE ACCOUNTANTS' COMPILATION REPORT**

	<u>Years Ended December 31,</u>	
	<u>1997</u>	<u>1996</u>
<b>Revenue:</b>		
Arcade operations	\$ 265,846	\$ 821,569
Rental income	<u>614,651</u>	<u>180,416</u>
<b>Total Revenue</b>	<b>880,497</b>	<b>1,001,985</b>
<b>Operating Expenses</b>	<b><u>575,118</u></b>	<b><u>757,544</u></b>
<b>Income from Operations</b>	<b><u>305,379</u></b>	<b><u>244,441</u></b>
<b>Other Income (Expense):</b>		
Loss on asset disposal	( 965)	( 6,705)
Interest income	-	97
Interest expense	<u>( 193,567)</u>	<u>( 163,370)</u>
<b>Total Other Income (Expense)</b>	<b><u>( 194,532)</u></b>	<b><u>( 169,978)</u></b>
<b>Income Before Provision for Income Taxes</b>	<b>110,847</b>	<b>74,463</b>
<b>Provision for Income Taxes</b>	<b><u>46,409</u></b>	<b><u>28,831</u></b>
<b>Net Income</b>	<b>64,438</b>	<b>45,632</b>
<b>Retained Earnings, Beginning of Year</b>	<b><u>540,125</u></b>	<b><u>494,493</u></b>
<b>Retained Earnings, End of Year</b>	<b><u>\$ 604,563</u></b>	<b><u>\$ 540,125</u></b>

The accompanying notes are an integral part of the financial statements

CPC 00066

CAREFREE PARK CORPORATION  
STATEMENTS OF CASH FLOWS  
SEE ACCOUNTANTS' COMPILATION REPORT

	<u>Increase (Decrease) In Cash and Cash Equivalents Years Ended December 31,</u>	
	<u>1997</u>	<u>1996</u>
<b>Cash Flows From Operating Activities:</b>		
Net income	<u>\$ 64,438</u>	<u>\$ 45,632</u>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	263,939	210,906
Loss on asset disposal	965	6,705
Deferred income taxes	33,960	25,635
(Increase) decrease in assets:		
Rent receivable	( 75,540)	3,700
Prepaid insurance	5,639	6,400
Impact fees	-	( 16,661)
Increase (decrease) in liabilities:		
Income taxes payable	9,718	( 1,758)
Property taxes payable	29,681	( 79,161)
Accrued interest	( 15,463)	3,838
Total Adjustments	<u>252,899</u>	<u>159,604</u>
Net Cash Provided by Operating Activities	<u>317,337</u>	<u>205,236</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of fixed assets	( 339,955)	( 614,713)
Proceeds from sale of fixed assets	<u>2,000</u>	<u>3,995</u>
Net Cash Used in Investing Activities	<u>( 337,955)</u>	<u>( 610,718)</u>
<b>Cash Flows From Financing Activities:</b>		
Payments from loan receivable – affiliate	11,000	795
Payments made on notes payable	( 48,982)	( 32,501)
Proceeds from note payable – line of credit, net	-	6,000
Proceeds from long-term debt	126,180	443,589
Payments made on long-term debt	( 66,250)	( 78,786)
Proceeds from loans payable – shareholders	-	35,000
Accrued interest – shareholders	-	( 553)
Net Cash Provided by Financing Activities	<u>21,948</u>	<u>373,544</u>
Net Increase (Decrease) in Cash Cash at Beginning of Year	<u>1,330</u>	( 31,938)
	<u>13,675</u>	<u>45,613</u>
Cash at End of Year	<u>\$ 15,005</u>	<u>\$ 13,675</u>
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$ 2,829	\$ 5,075
Cash paid for interest	\$209,030	\$160,085

The accompanying notes are an integral part of the financial statement

CPC 00067

CAREFREE PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997 AND 1996

SEE ACCOUNTANTS' COMPILATION REPORT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Carefree Park Corporation (the Company), a Massachusetts Corporation, operates as a public recreation/amusement park in Florida and Massachusetts. In addition, rental income is received on property owned in both states. The majority of the Company's Massachusetts arcade revenues is generated during the summer season and is dependent on the volume of tourism in the seacoast region of Massachusetts and New Hampshire.

During 1996, one of the Company's shareholders created a new corporation (Fun Depot, Inc.) that's purpose was to operate the Florida public recreation/amusement park, formerly operated by the Company. Beginning in 1997, the Company receives rental income on property owned in both states. However, it will only operate the public recreation/amusement park in Massachusetts.

Basis of Accounting

The Company's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

Cash

For the purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments purchased with original maturities of three months or less. There are no cash equivalents as of December 31, 1997 and 1996.

Allowance for Doubtful Accounts

Generally, the Company accounts for bad debts following the reserve method. As of December 31, 1997, the Company considered rents receivable to be 100 percent collectible.

Depreciation

The Company follows the policy of charging to costs and expenses annual amounts of depreciation which allocate the cost of property and equipment over their estimated useful lives. The Company employs the straight-line method for financial statements for determining the annual charge for depreciation. For income tax purposes, depreciation is computed using accelerated methods. The ranges for the estimated useful lives are:

**CAREFREE PARK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1997 AND 1996**  
**SEE ACCOUNTANTS' COMPILATION REPORT**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Depreciation (Continued)**

Buildings	20 – 45 years
Building improvements	10 – 15 years
Machinery and equipment	7 years

Depreciation expense charged to operations amounted to \$251,713 and \$205,042 for 1997 and 1996, respectively.

Expenditures for repairs and maintenance are charged to operations in the period incurred.

**Amortization**

Deferred financing fees are being amortized using the straight-line method over six, ten and fifteen years, respectively, in accordance with their associated loan terms.

Impact fees are being amortized using the straight-line method over seven, ten and thirty-one years, respectively, to which improvements they relate.

Amortization expense charged to operations amounted to \$12,226 and \$5,864 for 1997 and 1996, respectively.

**Deferred Income Taxes**

Deferred income taxes are provided for differences between financial statement and income tax reporting. The principal timing differences result from depreciation being recognized for income tax purposes. Deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are classified as current or noncurrent, depending on the classification of the assets and liabilities to which they relate.

**Advertising**

The Company expenses the cost of advertising as incurred. Advertising expense was \$438 and \$11,459 during 1997 and 1996, respectively.

## CAREFREE PARK CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997 AND 1996

SEE ACCOUNTANTS' COMPILED REPORT

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. LOAN RECEIVABLE – AFFILIATE

Loan receivable – affiliate consisted of the following at December 31:

	<u>1997</u>	<u>1996</u>
Carousel Lounge, Inc. – non-interest bearing loan with no repayment terms.	<u>\$17,275</u>	<u>\$28,275</u>
Interest receivable – affiliate	<u>\$27,873</u>	<u>\$27,873</u>

## 3. NOTES PAYABLE

Notes payable consisted of the following at December 31:

	<u>1997</u>	<u>1996</u>
Demand note to a finance company with interest at 8.75%, secured by certain property and personally guaranteed by one of the shareholders, due June 1998.	\$22,302	\$ -
Demand note to a finance company with interest at 8%, secured by certain property and personally guaranteed by one of the shareholders, due October 1997.	-  <u>\$22,302</u>	<u>71,284</u>

## CAREFREE PARK CORPORATION

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1997 AND 1996

SEE ACCOUNTANTS' COMPILED REPORT

## 4. NOTE PAYABLE – LINE OF CREDIT

The Company established a line of credit on November 28, 1994 providing borrowing up to \$32,000, renewable on an annual basis, through November 1998. The borrowings are payable upon demand and bear interest at two and one-half percent (2.5%) over the lending institution's base rate (11.0% at December 31, 1997). The loan is secured by Company assets and personally guaranteed by one of the shareholders.

During 1997, average borrowing under the line of credit was \$27,562. The maximum short-term borrowing outstanding at any one time during the year was \$32,000 and the average interest rate was 10.94%. The loan amounted to \$32,000 at December 31, 1997 and 1996.

## 5. LONG-TERM DEBT

On November 22, 1996, the Company entered into a mortgage loan with a bank. The bank is making funds available to the Company in an amount of up to \$1,780,000. The total funds drawn during the years were \$126,180 and \$1,653,820 for 1997 and 1996, respectively. A portion of the loan proceeds was used to payoff existing long-term debt, construction of a new building and deferred financing fees. The interest rate is based on the three-year U.S. Treasury Note rates index plus three percent and is to be adjusted at the end of three years. Monthly principal and interest payments are based on a twenty-five year amortization schedule. The note will mature on December 22, 2002. The loan is secured by a first mortgage lien position on the Florida real estate, together with a first security position on all improvements, fixtures and equipment. The loan is personally guaranteed by all of the Company's shareholders.

Long-term debt consisted of the following at December 31:

	<u>1997</u>	<u>1996</u>
Note payable to a bank with interest at prime plus 1% (9.5% at December 31, 1997), monthly principal payments of \$2,333 plus interest, secured by real estate and personally guaranteed by all of the shareholders, due June 2002.	\$ 128,080	\$ 156,080
Note payable to a bank with interest at 6.625%, monthly principal and interest payments of \$1,142, secured by real estate and personally guaranteed by all of the shareholders, due February 2006.	86,907	94,573
Balance carried forward	<u>214,987</u>	<u>250,653</u>